

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 626 - SB 673

April 5, 2023

SUMMARY OF BILL: Requires a health benefit plan to provide coverage for benefits for prosthetic devices that equal those benefits provided for under Medicare.

FISCAL IMPACT:

Increase State Expenditures - \$4,290,700/FY23-24 and Subsequent Years

Increase Local Expenditures - \$5,000/FY23-24 and Subsequent Years*

Assumptions:

- As of February 2023, the Department of Commerce and Insurance (DCI) showed a total population of 319,094 individuals on qualified health plans (QHP).
- According to estimates from multiple QHP providers, the increase in costs per member per month as a result from the proposed legislation will be approximately \$1.12. This would result in an increase in state expenditures of \$4,288,623 ($\$1.12 \times 12 \times 319,094$) annually in order for DCI to defray the costs of this increase.
- TennCare's Managed Care Organizations (MCOs) currently cover prosthetic devices in line with Medicare's 80 percent coverage. Therefore, the proposed legislation will have no fiscal impact to MCOs.
- State Group Insurance Program's (SGIP) Local Education Plan and Local Government Plan currently cover 70 percent of prosthetic devices. Increasing the coverage of these plans by 10 percent would result in a recurring annual increase of \$7,016, which would be paid for with \$2,042 state funds and \$4,974 local funds.
- The total fiscal impact as a result of the proposed legislation would be a recurring increase in state expenditures of \$4,290,665 ($\$4,288,623 + \$2,042$), and a recurring increase in local expenditures of \$4,974 in FY23-24 and subsequent years.

IMPACT TO COMMERCE:

Increase Business Revenue – \$4,295,600/FY23-24 and Subsequent Years

Increase Business Expenditures –
Less than \$4,295,600/FY23-24 and Subsequent Years

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Assumptions:

- Healthcare providers will experience an increase in business revenue of \$4,295,639 in FY23-24 (\$4,290,665 + \$4,974) and subsequent years from providing additional services.
- The increase in business expenditures is estimated to be less than those amounts for companies to retain solvency.
- Additional effects upon private insurance carriers and healthcare providers will be dependent upon various unknown factors subject to the rates and contractual agreements comprising each individual policy of healthcare and cannot be determined with reasonable certainty.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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